



TSI HOLDINGS

Results Briefing: FY Ending Feb. 2018

2018.4.16



I. Results Overview



The amounts given in this material are rounded down to the nearest million yen

Consolidated Financial Highlights -Profit and Loss-

(Unit: Million yen)

	FY Ending Feb. 2017		FY Ending Feb. 2018			
	Results	Composition Rate (%)	Results	Composition Rate (%)	Y/Y Change	Y/Y (%)
Net Sales	159,143	100.0	155,457	100.0	-3,686	97.7
Gross Profit	86,366	54.3	84,297	54.2	-2,069	97.6
SG&A Expenses	83,825	52.7	82,128	52.8	-1,696	98.0
Employment Costs	34,134	21.4	33,223	21.4	-911	97.3
Business Strategy Costs	5,268	3.3	6,521	4.2	1,252	123.8
Store Rents	16,542	10.4	15,477	10.0	-1,064	93.6
Other Expenses	21,757	13.7	22,357	14.4	599	102.8
SG&A Expenses(excl. Goodwill Amortization, Depreciation and Amortization)	77,703	48.8	77,579	49.9	-123	99.8
Goodwill Amortization	1,141	0.7	422	0.3	-719	37.0
Depreciation and Amortization	4,980	3.1	4,126	2.7	-854	82.9
Operating Income	2,541	1.6	2,168	1.4	-372	85.4
Ordinary Income	3,964	2.5	3,788	2.4	-175	95.6
Extraordinary Income	4,830	3.0	3,521	2.3	-1,308	72.9
Extraordinary Loss	4,052	2.5	3,630	2.3	-421	89.6
Profit Before Taxes	4,742	3.0	3,679	2.4	-1,062	77.6
Profit Attributable to Owners of Parent	3,679	2.3	3,219	2.1	-460	87.5
EBITDA	8,663	5.4	6,718	4.3	-1,945	77.5

*Employment Costs = Personnel Expenses + Sales Commission + Subcontract Costs

*Business Strategy Costs =Advertising + Sales Promotion Expenses + cross-border E-Commerce + Moving cost

*EBITDA=Operating Income + Goodwill Amortization + Depreciation and Amortization

* Since some of the subsidiaries had changed account items, we needed to make adjustments for a year-on-year comparison.

For this reason, we transferred 1,015 million yen from Other Expenses to Store Rents in the ending of the fiscal year ended February 2017 to enable the comparison based on the current fiscal year's standard.

Sales Overview

- EC sales was 113.6% Y/Y.(Composition Rate of EC was up to 18.6%).
- Net sales of continuing brands(Excluding closed brands and others) was 100.7% Y/Y.

(Unit: Billion Yen)

FY 2017.2

FY 2018.2

Results

Composition

Results

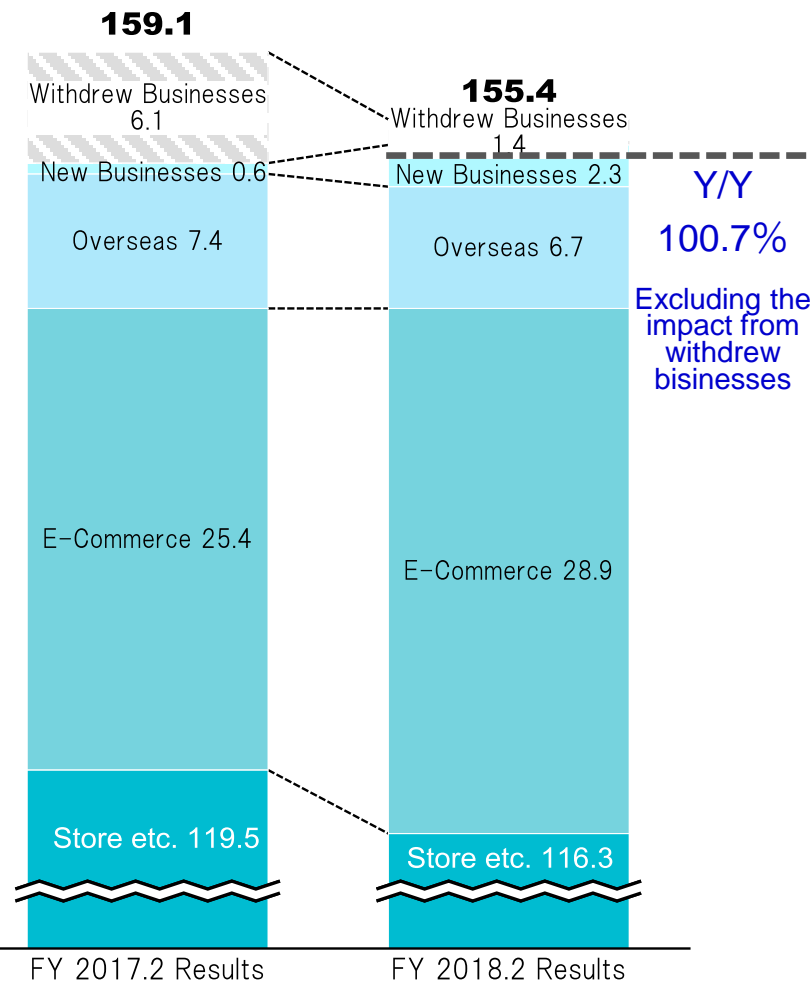
Composition

Y/Y
Change

Y/Y

Net Sales	159.1	100.0%	155.4	100.0%	-3.7	97.7%
Continue+New Businesses	153.0	96.2%	154.0	99.1%	+1.0	100.7%
Domestic Net Sales	145.6	91.4%	147.3	94.9%	+1.7	101.4%
Domestic Apparel Related Subtotal	144.1	90.5%	145.3	93.6%	+1.2	101.0%
Apparel Related(exc. E-Commerce)	118.7	74.5%	116.4	75.0%	-2.3	98.3%
E-Commerce	25.4	16.0%	28.9	18.6%	+3.5	113.6%
Cosmetics/Food	1.5	0.9%	2	1.3%	+0.5	134.1%
Overseas Net Sales	7.4	4.7%	6.7	4.2%	-0.7	87.4%
Apparel	7.4	4.7%	6.6	4.1%	-0.8	85.6%
Cosmetics/Food	0	-	0.1	0.1%	+0.1	-
Withdrew Businesses	6.1	3.8%	1.4	0.9%	-4.7	22.4%

Unit: Billion Yen



Brands Overview

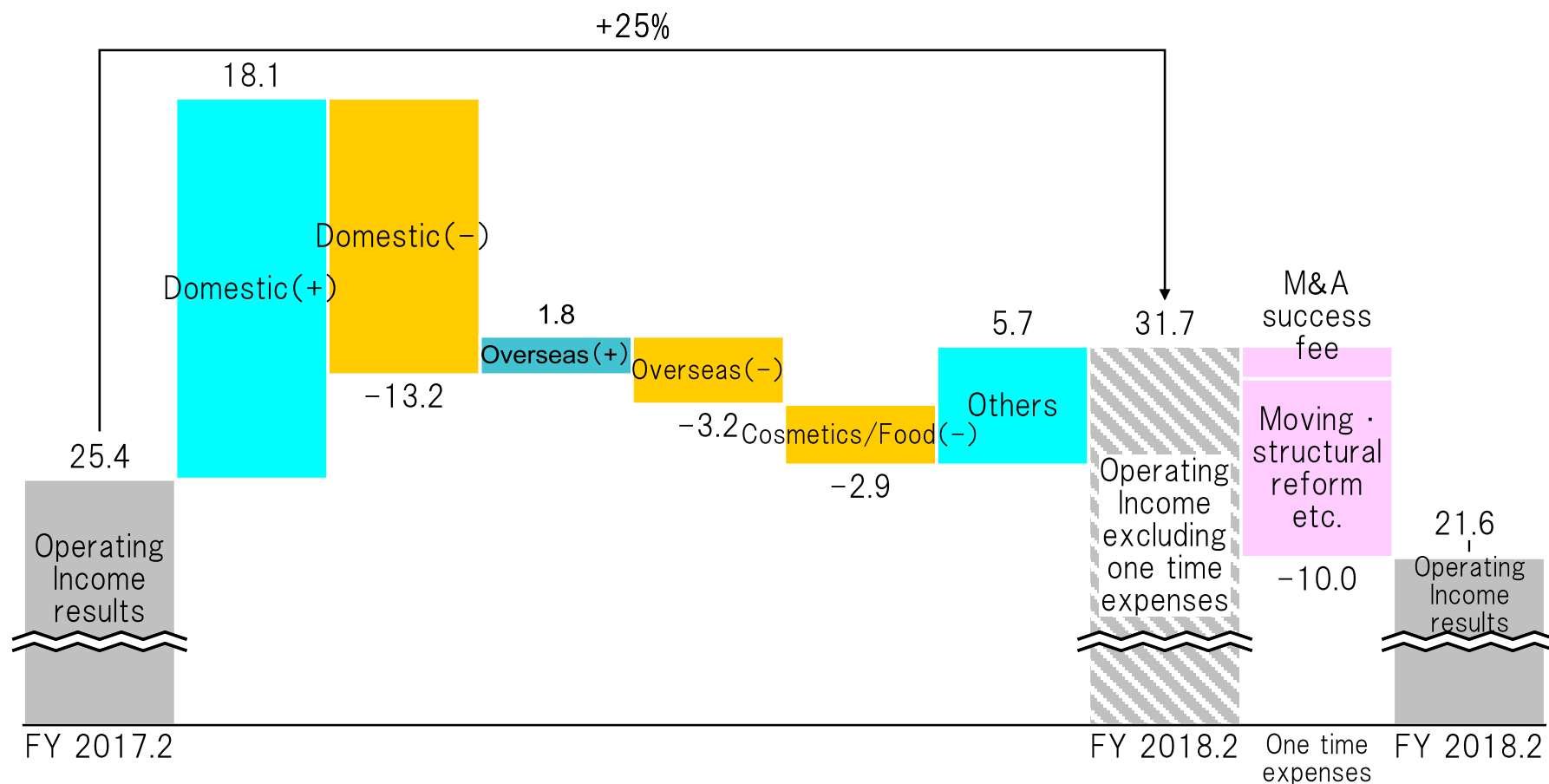
(Unit: Million yen)

		FY Ending Feb. 2017			FY Ending Feb. 2018			Y/Y	
		Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales	Composition Rate (%)	Gross Profit Ratio (%)	Sales (%)	Gross Profit Ratio
1.	nano・universe	27,153	17.1	52.7	26,030	16.7	50.7	95.9	-2.0pt
2.	NATURAL BEAUTY BASIC	15,920	10.0	57.3	16,043	10.3	58.2	100.8	+0.9pt
3.	MARGARET HOWELL	13,030	8.2	58.3	14,258	9.2	58.5	109.4	+0.2pt
4.	PEARLY GATES	10,287	6.5	51.5	11,838	7.6	50.3	115.1	-1.2pt
5.	ROSE BUD	9,009	5.7	49.1	7,531	4.8	45.1	83.6	-4.0pt
6.	STUSSY	6,731	4.2	68.1	7,063	4.5	68.0	104.9	-0.1pt
7.	HUMAN WOMAN	4,875	3.1	51.3	4,754	3.1	54.7	97.5	+3.4pt
8.	PROPORTION BODY DRESSING	4,761	3.0	54.9	4,541	2.9	55.7	95.4	+0.8pt
9.	Apuweiser-riche	4,117	2.6	61.5	4,477	2.9	62.6	108.7	+1.1pt
10.	JILL by JILLSTUART	3,484	2.2	61.6	4,331	2.8	62.6	124.3	+1.0pt
TOP10		99,370	62.4	55.5	100,871	64.9	55.1	101.5	-0.3pt
Other Brands		53,595	33.7	55.8	53,146	34.2	53.7	99.2	-2.1pt
Continuing Brands		152,966	96.1	55.6	154,017	99.1	54.6	100.7	-0.9pt
Closed Brands		6,177	3.9	31.9	1,440	0.9	32.9	23.3	+1.0pt
TOTAL		159,143	100.0	54.3	155,457	100.0	54.2	97.7	-0.0pt

Operating Profit Y/Y

- One-time expenses of 1 billion yen arose from restructuring, relocation, and M&A success fees.
⇒ When the expenses above were excluded, operating profit for the period ending February 2018 amounted to 3.17 billion yen (up 630 million yen from the last period).

Unit: Billion Yen



II. Progress of Medium-Term Management Plan



GOLF IS LOVE

Jack Bunny!!
by PEARLY GATES

Overview of Medium-Term Management Plan



Measures Implemented during FY Ending Feb. 2018

Enhancement of Profitability Basis

Improve Operational Processes

- We conducted tests for the practical implementation of the optimization program by A.I.. In the 1H we added two brands, NATURAL BEAUTY BASIC and Free's Mart. In the 2H, we further added 7 brands whose mA.I.n sales channel was department stores.
- Began to estimate the optimized production volume by using A.I. simulation program developed by SENSY Inc.
- Aim to achieve higher direct trade ratio and lower logistics cost, which were reduced by about 700 million yen in 2018 Ending Feb.
- Introduced a new core system to ROSE BUD LTD. on last June 1 and Spic International Co., Ltd. on last November 1.
- Continue to monitor low-profitability brands through quarterly review processes and formulate revenue improvement plans.

Marketing Evolution

- Development of programs that can effectively carry out branding and marketing strategy by utilizing big data and preparatory work for full-scale introduction is proceeding.
- Share objectively measured data about status of brands, consumer image etc.

Strengthen Sales Skill

- ES Groove Co., Ltd., responsible for the sales sections of three subsidiaries—Tokyo Style Co., Ltd., Sanei-International Co., Ltd. and TSI Groove & Sports Co., Ltd.—started trusting sales operations on September.
- Continue to implement NPS and eNPS, and work on strengthening at each operating subsidiaries.

Measures Implemented during FY Ending Feb. 2018

Acceleration of Growth Strategy

E-Commerce

- 2018 Ending Feb. sales was 113.6% Y/Y and e-commerce ratio rose from 16.0% to 18.6%.
- The introduction of smartphone apps contributed to a considerable increase in the ratio of the sales via the E-Commerce strategy management company from 6.1% in FY Ending Feb. 2017 to 18.6% in the FY Ending Feb. 2018.
- Begin full-scale release of native applications from this term.
- Completed coordination with 22 3rd party malls in the FY Ending Feb. 2018.
- Deployed the marketing automation service provided by SALESFORCE.COM at seven O2O sites, 16 brands.

M&A/Overseas

- Acquired a 90% stake in HUF Holdings, LLC on last December 15.

Investments in New Business

- New balance golf we launched last spring-summer season significantly outperformed our sales plan.
- ANGLOBAL Ltd launched a new wholesale brand, YLÈVE in the last autumn-winter season.
- MASTERMIND TOKYO opened for a limited time store and prepared for the opening of a flagship store.



III. Plan for the FY Ending Feb. 2019



JILLSTUART

Theme

Growth in Sale and Profit to achieve the highest Operating Income and Ordinary Income

Top priorities

Enhancement of Profitability Basis

- Through introduce the core system (TERRA) at all group companies.
- Further rationalization of production and logistics.(Improvement of direct trade ratio, reduction of logistics cost)
- Full-scale operation of ES Groove Co., Ltd. (Sales subsidiary).
- Structural reform implementation and monitoring of deficit business.

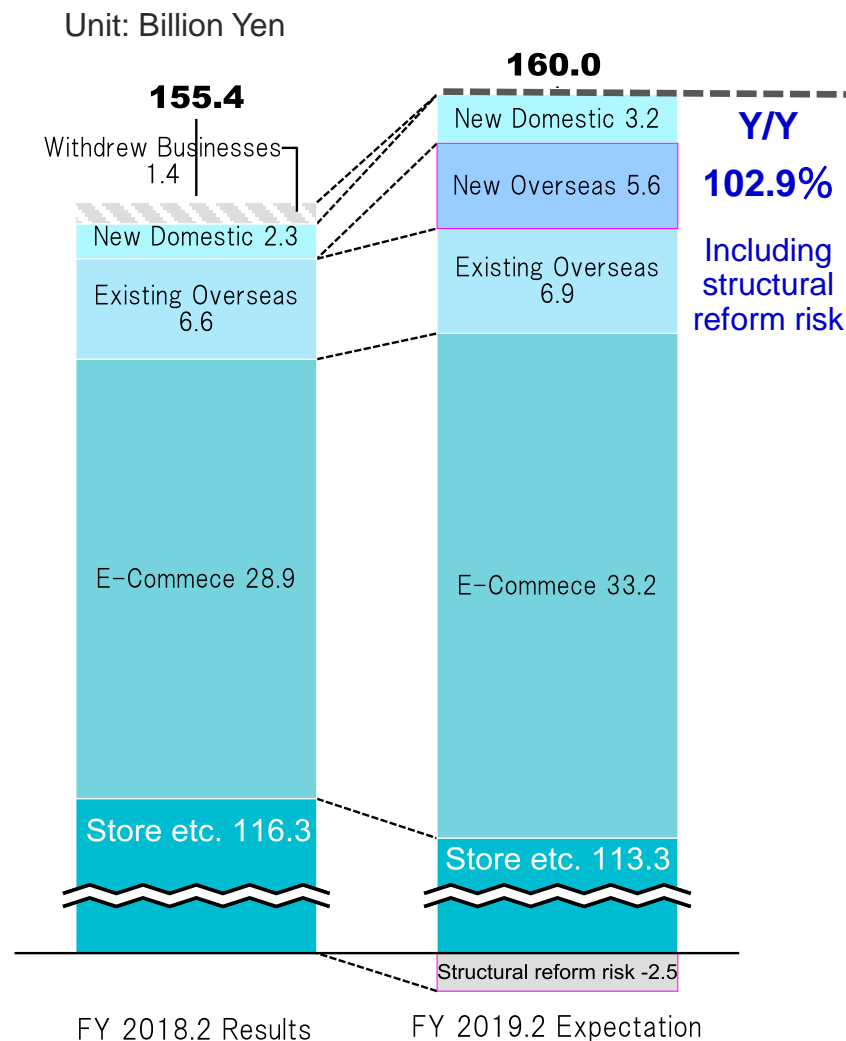
Acceleration of Growth Strategy

- Expansion of company EC sales.
- Accelerate investment in IT (implement A.I., enhanced marketing science, and integrate IoT in stores)
- Promotion of domestic and overseas M&A.
- HUF Holdings Growth expansion. (South America, Japan, China)
- New business investment

Sales plan for the fiscal FY Ending Feb. 2019

- We expect sales growth from increased EC sales and the acquisition of 90% ownership of HUF Holdings, LLC.

	FY 2018.2		FY 2019.2		(Unit: Billion Yen)	
	Results	Composition	Expectation	Composition	Y/Y Change	Y/Y
Net Sales	155.4	100.0%	160.0	100.0%	+4.6	102.9%
Continue+New Businesses	154.0	99.1%	162.5	101.6%	+8.5	105.5%
Domestic Net Sales	147.3	94.9%	149.9	93.6%	+2.6	101.5%
Domestic Apparel Related Subtotal	145.3	93.6%	147.1	91.8%	+1.8	100.9%
Apparel Related(exc. E-Commerce)	116.4	75.0%	113.9	71.0%	-2.5	97.5%
E-Commerce	28.9	18.6%	33.2	20.8%	+4.3	115.0%
Cosmetics/Food	2.0	1.3%	2.8	1.8%	+0.8	141.1%
Overseas Net Sales	6.7	4.2%	12.6	8.0%	+5.9	195.0%
Existing Apparel	6.6	4.1%	6.9	4.4%	+0.3	108.4%
HUF Holdings	0		5.6		+5.6	-
Cosmetics/Food	0.1	0.1%	0.1	0.1%	-	124.8%
Withdrew Businesses	1.4	0.9%	0	-	-1.4	-
Structural Reform Risk	0	-	-2.5	-1.6%	-2.5	-



Profit and loss plan FY Ending Feb. 2019

- We plan to achieve net sales of 160 billion Yen (102.9% Y/Y) and operating income of 3.2 billion Yen (147.5% Y/Y)

(Unit: Million yen)

	1st Half			2nd Half			FY		
	FY Ending Feb. 2018	FY Ending Feb. 2019	Y/Y (%)	FY Ending Feb. 2018	FY Ending Feb. 2019	Y/Y (%)	FY Ending Feb. 2018	FY Ending Feb. 2019	Y/Y (%)
Net Sales	73,831	77,000	104.3	81,625	83,000	101.7	155,457	160,000	102.9
Operating Income	95	-500	—	2,073	3,700	178.5	2,168	3,200	147.5
Ordinary Income	767	100	13.0	3,021	4,400	145.6	3,788	4,500	118.8
Profit Attributable to Owners of Parent	-8	-500	—	3,227	3,400	105.4	3,219	2,900	90.1

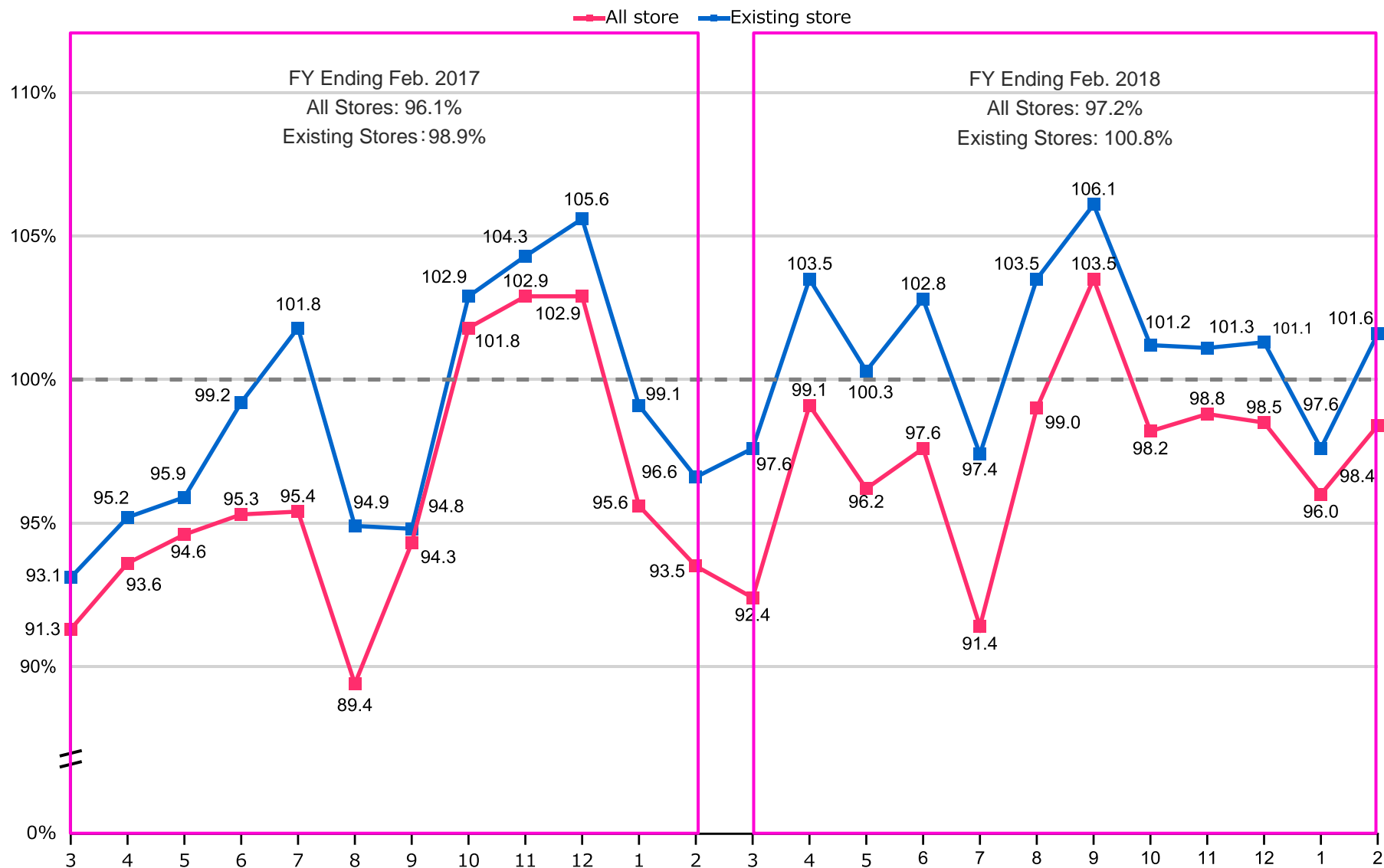
IV Reference Data



Botanical & Vintage
Spring & Summer
2018



Domestic Monthly Sales Information



Net Sales Per Channel

(Unit: Million yen)

	FY Ending Feb. 2017		FY Ending Feb. 2018			
	Results	Composition Rate (%)	Results	Y/Y (%)	Composition Rate (%)	Composition Rate Y/Y Change
Department Stores	33,062	20.8	29,156	88.2	18.8	-2.0pt
Commercial Facilities(*1)	78,857	49.6	76,581	97.1	49.3	-0.3pt
E-Commerce	25,463	16.0	28,932	113.6	18.6	+2.6pt
Overseas	7,772	4.9	6,741	86.7	4.3	-0.5pt
Others(*2)	13,988	8.8	14,071	100.6	9.1	+0.3pt
TOTAL	159,143	100.0	155,483	97.7	100.0	-

*1 Fashion buildings, shopping centers, railroad station buildings, individual stores, outlet shops etc. except for department stores

*2 Apparel businesses such as wholesale, in-company sales and non-apparel businesses of the group companies

Store Distribution

		FY Ending Feb. 2017	Store Open	Store Close	FY Ending Feb. 2018
Domestic	# of Stores	1,143	+63	-154	1,052
	Change	-88			-91
Overseas	# of Stores	195	+48	-66	177
	Change	-2			-18
Total	# of Stores	1,338	+111	-220	1,229
	Change	-90			-109

*Number indicated on "Change" rows are comparison with its previous quarter

Glossary

Page	Word/Phrase	Definition
7	BPR	Stands for "Business Process Reengineering", which improves profitability by drastically revising and redesigning the existing operation flows and contents.
	SCM	Stands for "Supply Chain Management", which is a system for creating profit by reviewing the entire flow from procurement, manufacturing, logistics to sales beyond the company boundaries.
	RFID	Stands for Radio-frequency identification, uses electromagnetic field to identify track tags attached to items, and communicate within peripheral field.
	Big Data	Data that is much bigger and more diverse than existing data that companies used. It is based on data such as customer information, purchase histories accumulated in E-commerce and SNS, etc., and is utilized for businesses in various fields.
	A.I.	Stands for "Artificial Intelligence", which attempts to make the same intelligence as human beings by computer or/and technology.
	IoT	Stands for "Internet of Things", which means to change consumers' lives and businesses by connecting virtually everything to the Internet except information devices, e.g. PC and smartphones.
	NPS	Stands for "Net Promoter Score", and is an index for measuring loyalty. Customers are asked: "What is the likelihood of you recommending our company to your friends?" and then asked to score the possibility from 0 to 10 points. Those who scored 9 to 10 are called promoters, those who score 7 to 8 are neutral and those who score 6 and under are detractors; the rate of detractors is deducted from the rate of promoters. The customers are also asked to comment on how it can be improved, and these improvement measures are shared in the company and lead to improvement actions.
	eNPS	This is for disseminating NPS to employees, and improving their loyalty to the company.
	PDCA	Stands for "Plan, Do, Check and Action", meaning a method of improving operations continuously by repeating these four phases.
	Cross-border E-commerce	E-commerce that not only sells domestically, but also internationally via foreign languages sites for overseas consumers.
	M&A	Stands for the Merger & Acquisition of companies.
8	Organic Cosmetics	cosmetics which fuses natural origin as the main ingredient.
	SENSY	An IT start-up venture company which develops the artificial intelligence "SENSY" (Former company name: Colorful board Co., Ltd.)
9	Direct Trading Ratio	Ratio of manufacturers take up the trading business for imports/exports themselves against all the imports
	Native application	A native application is a type of application operated by processing of a terminal device. The operating environment depends on the performance of the terminal device in use. In contrast, the conventional application is a type of application that operates on the Internet. The operating environment depends on the server.
	Salesforce.com	A tech company based in San Francisco providing cloud application and platforms to companies to enhance cloud, social, mobile technology.
	Marketing Automation	Refers to the software to automating digital marketing actions through communication with customers.
	O2O	Measures to urge actions from online to offline and measures that affect online purchasing behavior with sales promotion activities.

Cautionary Statement

Descriptions about future within this document are based on the information that the company obtains on the date of this report and certain assumptions deemed to be reasonable. Actual earnings may differ materially from various future factors.